

REMARKS

This Amendment and Request for Reconsideration is submitted in response to an outstanding Office Action dated February 16, 2006, the shortened statutory period for response set to expire on May 16, 2006. Accordingly, no Petition or Fee for Extension of time are believed necessary. However, any extension of time that may be required for this response is hereby petitioned. The Commissioner is authorized to charge any fee that may be required for this paper to Deposit Account Number 13-3250, Order No. 36287-00700.

I. Status of the Claims

Please amend claim 40 as indicated above. Claims 1-56 are now pending in the application, with claims 1-39, 42-46 and 50-56 currently withdrawn from prosecution. Claims 1, 14, 15, 16, 17, 18, 28, 29, 39, 40, 53, 54, 55, and 56 are independent claims.

Applicants acknowledge the Examiner's citation of statutory authority as a basis for claim rejections.

II. Rejections under 35 U.S.C. § 112

The Examiner has rejected claims 40, 41 and 47-50 under 35 U.S.C. § 112 as being “indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.”

In particular, the Examiner states that “Claim 40 recites ‘determining a price of an underlying security’ at a first time. First there is no antecedent basis for the term ‘an underlying security’ provided, i.e., no clear indication as to what the term ‘underlying security’ refers is provided. Is the underlying security related to another security in a manner that a warrant or a derivative contract is related to a common stock of a corporation. Similarly no basis is provided for calculating a discount price of the underlying security.”

Applicant respectfully submits that the claim as originally presented is definite,

especially when viewed in light of the supporting specification. However, to advance the claims to allowance, applicant has amended independent claim 40, and respectfully submits that the claim as amended is also definite, and overcomes the Examiner's rejection.

Claim 40 recites a financial method for issuing an exchangeable security that is related to an underlying security. The method comprises determining a price of the underlying security at a first time; calculating a discounted price of the underlying security; and issuing the exchangeable security at the discounted price. The exchangeable security includes an exchange right on or after a second time, where under the exchange right, a holder of the exchangeable security may exchange a share of the exchangeable security for a share of the underlying security, the second time after the first time.

The Examiner stated that there was no clear indication as to what the term "underlying security" refers to. Applicant submits that in claim 40, it is clear that the underlying security is related to the exchangeable security.

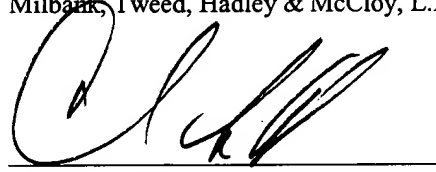
The Examiner also stated that no basis is provided for calculating a discount price of the underlying security. Applicant respectfully disagrees. In non-limiting examples, dependent claims 47 and 48 provide such a basis as a percentage of a share price of the underlying security, and a fixed amount less than a share price of the underlying security.

Applicant respectfully submits that the bases for rejection under 35 U.S.C. § 112 are overcome and ask the Examiner to withdraw the rejection.

III. Request for Reconsideration

Applicants respectfully submit that the claims of this application are in condition for allowance. Accordingly, reconsideration of the rejection and allowance is requested. If a conference would assist in placing this application in better condition for allowance, the undersigned would appreciate a telephone call at the number indicated.

Respectfully submitted,
Milbank, Tweed, Hadley & McCloy, L.L.P.

A handwritten signature in black ink, appearing to read 'Chris L. Holm', written over a horizontal line.

Chris L. Holm
Reg. No.: 39,227

May 12, 2006

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